



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 6<sup>TH</sup> JANUARY 2020

### DOMESTIC NEWS

Friday's session saw the local unit edge lower against the greenback. The USDKES currency pair took an upbeat momentum from the onset, despite the prevalent lackluster trading, because of interbank buyers taking advantage of the low-price levels pushing the pair higher from its previous close. The expectation remains largely for the Kenya shilling to trade within current ranges, even as market pundits search for fresh factors that will offer price direction for the month of January. By close of trade, the local unit stood at 100.90/10, as compared to Thursday's close of 100.85/05.

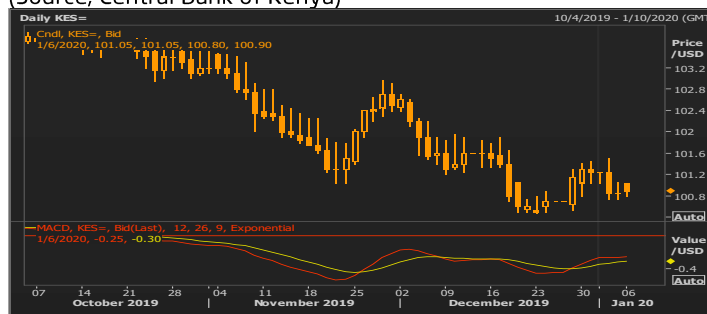
In the meantime, Kenya's economy expanded more slowly year-on-year in the third quarter of this year than in the same period in 2018 as activity proved lackluster in sectors including manufacturing, the statistics office said. The Kenya National Bureau of Statistics said the economy grew 5.1% year-on-year in the third quarter of 2019, compared with 6.4% in the same period in 2018. Deceleration in growth was mainly because of suppressed growth in most of the sectors of the economy.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.50	104.50	98.50	103.50
GBP/KES	128.15	136.15	128.65	135.65
EUR/KES	109.30	116.30	109.75	115.75
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	5.222%	5.372%	0.150
91-Day T-bill	7.200%	7.200%	0.000
182-Day T-Bill	8.147%	8.150%	-0.003
364-Day T-Bill	9.828%	9.815%	0.013
Inflation	5.820%	5.560%	0.260
CBR RATE	8.500%	9.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was at 96.602 on Friday. It initially benefited from the move into safe-haven assets, but those gains were erased after the Institute for Supply Management (ISM) reported that the manufacturing sector contracted significantly in December. The U.S. manufacturing sector contracted in December by the most in more than a decade, with order volumes crashing to a near 11-year low and factory employment falling for a fifth straight month.

The GBP/USD pair held on to its weaker tone through the session on Friday at \$1.3100 weighed down by disappointing UK macro data. In fact, the UK Construction PMI fell to 44.4 in December, down sharply from 45.3 recorded in November. This comes on the back of concerns that the UK won't be able to reach a trade agreement and crash out of the European Union at the end of this year.

The euro hovered near \$1.1165 on Friday. The euro is backed by a current account surplus and most Eurozone nations' government bonds are offering a negative yield. The markets, therefore, could treat the single currency as an anti-risk asset.

The Japanese yen recovers to 108.00 early Monday. This comes on the heels of the US and China signing in phase one trade deal. While the above piece has little to no impact on the market mood, as it is mainly driven by the ongoing US-Iran geopolitical conflict.

Elsewhere, global oil prices extended its dramatic surge above \$70 a barrel on Monday as the fallout between the U.S. and Iran escalated after the assassination of one of the Islamic Republic's most powerful generals. Trump said he's prepared to strike "in a disproportionate manner" and attack more than 50 sites if Tehran retaliates against Soleimani's killing.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.50%	1.25%
1 Month	7.00%	1.75%
3 Months	8.00%	2.00%
6 Months	8.50%	2.25%
1 year	9.00%	2.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1150	1.1175
GBP/USD	1.3060	1.3120
USD/AED	3.6675	3.6775
USD/JPY	107.70	108.40

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